

EPA-PNL-2481

Phil North/R10/USEPA/US

06/24/2011 06:20 PM

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Subject Other mining activity in BB (and around Alaska)



Millrock activity in BB AJC 6-23-11.docx

Web posted Thursday, June 23, 2011

Millrock, majors, team up on gold prospects around Alaska

By Andrew Jensen

Alaska Journal of Commerce

An Alaska gold rush is on once again, and Millrock Resources Inc. of Anchorage is spending about \$10 million for its 2011 summer programs across the state with 90 percent of its budget attracted from its exploration partners.

As a project-generating company using the joint-venture model, Millrock has secured major mining partners Teck Resources Ltd. for its Estelle project south of Rainy Pass and Kinross Gold Corp. for both its Council project near Nome and its Humble project 55 miles northeast of Dillingham. (This is claim block #6 on our claims map for Bristol Bay. More below – PAN))

Kinross also owns and operates the Fort Knox gold mine near Fairbanks, which just celebrated a milestone of 5 million ounces produced.

While many so-called "junior" mining companies such as Millrock use their venture capital for exploration drilling in the hopes of making a discovery that will draw the interest of a major operator like Kinross, Millrock is building a different business model.

Rather than start a drilling program with venture capital, Millrock won't begin one without a partner willing to pay for exploration to secure its interest in the claim.

"The reality is that not many discoveries are made and many (juniors) go into bankruptcy," said Millrock CEO and President Greg Beischer. "We're trying to build a company that is sustainable over time."

Beischer founded Millrock in 2007 with Phil St. George, who as a young geologist with Teck Cominco — now Teck Resources — discovered the massive Pebble deposit in Southwest Alaska near Iliamna. The Pebble prospect has been estimated to hold about \$400 billion worth of gold, copper and molybdenum within its east and west deposits.

Millrock now has about 15 employees, with between 40 and 50 people in the field this summer working on its eight projects that target its specialty of copper-gold porphyry deposits.

With gold prices holding steady at more than \$1,500 per ounce, gold prospecting in the Yukon has reached a "fever pitch," Beischer said, and he expects additional discoveries will soon drive that pace of exploration in Alaska.

"The state has a great, bright future for mining as long as we don't shoot ourselves in the foot," Beischer said.

To attract major production companies to fund exploration programs, the key to Millrock's business model is to identify promising prospects at an early stage. Beischer said Millrock

combines the best cutting edge technology with "good old-fashioned boot and hammer prospecting and innovative thinking to develop project ideas that are of interest to some of the biggest mining companies in the world."

Here's a look at Millrock's 2011 summer program:

Estelle Project

Located about 110 miles northwest of Anchorage on state lands, Millrock and Teck are targeting an intrusion-related gold deposit similar to Donlin Creek, a mining prospect owned by Calista Corp. that is also in the exploration stage. Teck can earn up to a 65 percent interest in the property through its exploration expenditures and payments to Millrock.

The Estelle claims include the Kahiltna Terrane formation, which also hosts the Pebble deposit, and it adjoins the Whistler project now owned by Kiska Corp. Kiska, an exploration company, became the 100 percent owner of Whistler after fulfilling a back-in agreement with Kennecott Corp.

After drilling 35 holes in 2010, Kiska has a ramped up program of between 100 and 133 holes at 235 possible locations within four claim areas. According to Kiska's website, the Whistler prospect holds an indicated 2.3 million ounces of gold, with 3.35 million ounces inferred.

Estelle is at an earlier stage, with a permit to drill up to 15 holes this summer.

Humble Project

Located just 55 miles northeast of Dillingham, Millrock and Kinross have plans to sink eight shallow holes this summer in the first drilling activity at the claim resting on state lands. The prospect is similar to Pebble, and much nearer Bristol Bay, where the heart of opposition to Pebble lies.

Beischer, who spent much of his career until 2000 as a geologist and mining engineer for international major Inco, was the mining, oil and gas consultant for Bristol Bay Native Corp. from 2000 to 2007. BBNC, one of the 12 Alaska Native regional corporations, formally opposes Pebble based on its potential risk to the world's largest wild salmon run.

Named for Humble Oil Co., which did some drilling for iron in the area in the 1950s, the first stage of drilling has already attracted local attention but Beischer's long relationship with BBNC has at least put Millrock on better footing from a trust standpoint.

Uncle Sam Project

Another project in the first year of drilling, the Uncle Sam prospect is south of Fairbanks and west of the Pogo mine. Eight holes totaling about 7,000 feet are being drilled this summer in an effort to learn more about the targeted gold deposit to find out if it is a vein like Pogo or a large dissemination of lower-grade gold similar to Fort Knox.

The Uncle Sam project lies near claims owned by Japanese major mining company Sumitomo, which owns and operates Pogo. Sumitomo announced a major discovery of gold and silver in vein formations June 9 after three years of exploration at the site.

Bluff Project

The oldest and most advanced of any Millrock project, Beischer said, "we know there's gold below the surface" after its exploration program. Structural geologic mapping and high-resolution airborne magnetic surveys are under way this summer. The Bluff deposit is about 50 miles east of Nome on the Seward Peninsula.

The surface rights are owned by White Mountain Native Corp., a village corporation, and the subsurface rights are owned by Bering Straits Native Corp., the regional corporation. Royalties are paid for subsurface rights; access fees are paid for the surface rights.

BHP, an Australian major, discovered gold at Bluff in the 1980s and Millrock optioned it from BHP three years ago, Beischer said. Millrock's partner is Ryan Gold of Toronto, named for legendary Yukon prospector and company President Shawn Ryan.

Council Project

Also near Nome and the home of a gold rush in the 1900s, Kinross is a partner with Millrock on the Council project. Beischer said surface geologic mapping is under way this summer to position for a major drilling program in 2012.

Cristo Project

Brixton Metals can earn a 100 percent interest in this prospect — like Estelle in the Rainy Pass district northwest of Anchorage and sharing the same geologic formation of Pebble, Donlin Creek and Whistler — by spending \$5 million in exploration costs and \$350,000 in payments to Millrock.

Brixton has proposed 16 drill holes for the Monte Cristo and St. Eugene areas of the claim this summer. Millrock entered into the joint venture with the 100 percent option for Brixton because the company was at capacity for its work program and didn't want to get stretched too far, Beischer said.